



## A STUDY ON PERFORMANCE EVALUATION OF ICICI PRUDENTIAL MUTUAL FUND WITH SPECIAL REFERENCE TO EQUITY PRODUCTS (BOTH DIRECT AND REGULAR PLAN)

Josheena Jose\*

Nivya Unni\*\*

\*Assistant Professor, P.G Department of Commerce, Christ College Irinjalakuda

\*\*M.Com Graduate, P.G Department of Commerce, Christ College Irinjalakuda

### Abstract

Mutual fund is not an alternative investment option to stocks and bonds; rather it pools the money of several investors and invests this in stocks, bonds, money market instruments and other types of securities. Buying a mutual fund is like buying a small slice of a big pizza. The owner of a mutual fund unit gets a proportional share of the fund's gains, losses, income and expenses. Therefore the aim of study is to evaluate the performance of ICICI Prudential mutual funds with special reference to Equity products (Both Direct and Regular plan).

**Key words:** Mutual fund, Direct and Regular plan, ICICI Prudential etc.

### 1.1 Introduction

Mutual Funds are becoming popular over the last 20 years. It is a type of professionally managed collective investment vehicle. Mutual funds have become a widely popular and effective way for investors to participate in financial markets in an easy, low cost fashion. It can play a central role in an individual's investment strategy. They offer the potential for capital growth and income through investment performance, dividends and distributions under the guidance of a portfolio manager who makes investment decisions on behalf of mutual fund unit holders. Over the past decade, mutual funds have increasingly become the investor's vehicles of choice for long term investment. The relationship between risk and return determines the performance of a mutual fund scheme. Many asset management companies are working in India, so it is necessary to study the performance of it which may be useful for the investors to select the right mutual fund.

### 1.2 Review of Literature

In this section, related literatures in performance of mutual funds are reviewed. So the present study is the first attempt to analyze the performance of ICICI prudential mutual fund. Studies conducted in various aspects related to performance of mutual fund were found to be few in number. Among them no comprehensive study has been done in this area.

**Sharpe (1966)<sup>1</sup>** He evaluate the risk adjusted performance of mutual fund and introduced a measure known as reward to variability ratio (currently Sharpe ratio).with the help of this ratio he evaluate the return of 34 open ended mutual fund in the period 1945-1913.The return showed that to a major extent the capital market was highly efficient. But majority of the sample had lower performance as compared to Dow Jones Index.

**Michael c Jensen (1967)<sup>2</sup>** derived a risk adjusted measure of portfolio performance known as Jensen alpha. He estimated how much a manager's forecasting ability contributes to fund's return.

**.MC Donald (1974)<sup>3</sup>** conducted a research to examine the objectives and performance (risk and return) of American mutual funds in the period 1960-1969. Sample of 123 American mutual funds was analyzed by using Treynor (1965) and Sharpe indexes. The results indicated that stated objectives were significantly related to subsequent measures of systematic risk and total variability. Therefore the funds with aggressive objectives generally produced better performance.

A research conducted by **Martin et. al (1993)<sup>4</sup>** to examine the performance of bond mutual funds. Samples of bond fund: first sample was designed to eliminate survivorship bias and was comprised of the 46 non- municipal bonds for the 10 year period from the beginning of 1979 to the end of 1988. The second sample consisted of all bond funds that existed at the end of 1991. The Researcher used linear and non-linear models in order to examine the two samples. The results showed that bond funds under perform relevant indexes post expenses.

**Redman (2000)<sup>4</sup>** analyzed the risk adjusted returns for five portfolios of international mutual funds. The study was conducted for three periods.1985-1994, 1985-1989, and 1990-1994.The performance was measured by using Treynor (1965) index, Sharpe (1966)'s index and Jensen's alpha and comparison was made with the U.S market. Results showed that under Sharpe (1966)'s and Treynor (1965) indices the performance of portfolios of international mutual fund was higher than the U.S market from 1985-1994 and 1985-1989. On the other hand performance of U.S equity portfolio and market index was higher the global portfolios from 1990-1994